## Message Text

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**ACTION EB-07** 

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

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FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC PRIORITY 5183

INFO AMEMBASSY THE HAGUE PRIORITY

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LISBON

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AMEMBASSY MADRID

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AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY VIENNA

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E.O. 11652: N/A TAGS: EAIR, BE

SUBJECT: CIVAIR: RENEWAL AND AMENDMENT OF CHARTER MEMORANDUM OF UNDERSTANDING

REF: A. STATE 241330, B. BRUSSELS 9151

1. SUMMARY. BELGIAN POSITION FOR BILATERAL CONSULTATIONS ON SUBJECT MOU IS BEING DEVELOPED WITH DIFFICULTY, AS ALL BELGIAN INTERESTED PARTIES HAVE PROBLEMS OR DISTRACTIONS. POINTS LIKELY LIMITED OFFICIAL USE

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TO COME UP OR LURK IN BACKGROUND DURING FORMAL BILATERAL TALKS

INCLUDE: (A) SECOND LANDING POINT FOR SABENA; (B) BLIND SECTOR NEW YORK-MEXICO CITY; (C) ROUTE SWAPPING OR SHARING BETWEEN SABENA AND KLM (EVENTUALLY A POSSIBILITY BUT PROBABLY NOT REALISTIC IN THE NEAR FUTURE); AND (D) UNOFFICIAL SUGGESTION THAT NACA CARRIERS COOPERATE WITH SABENA IN SCHEDULING OF USORIGIN CHARTERS. AS WE LEARN MORE ABOUT BELGIAN POSITION, WE WILL REPORT. END SUMMARY.

2. REFTEL A, PARA 2, REQUESTED EMBASSY'S ANALYSIS OF BELGIUM'S EXPECTATIONS IN CONNECTION WITH DISCUSSIONS OF SCHEDULED SERVICE ISSUES AT CONSULTATIONS LATER THIS MONTH. IN OUR VIEW, IT IS NOT YET POSSIBLE TO FORESEE WITH CONFIDENCE WHAT THE BELGIAN SIDE WILL ASK FOR SINCE IT APPEARS THAT NONE OF THE PARTIES WHOSE VIEWS WILL BE INFLUENTIAL HAS DECIDED WHAT IT WANTS. THIS CURIOUS STATE OF AFFAIRS MAY WELL CONTINUE UNTIL THE BILATERAL TALKS THEMSELVES PRECIPITATE A BELGIAN POSITION.

A. THE DIRECTOR GENERAL OF CIVIL AVIATION, W. VANDERPERREN, SUPERVISES A MINUSCULE STAFF ON COMMERCIAL AVIATION AFFAIRS. HIS ONE GENUINE EXPERT ON CHARTER MATTERS, GOLDBERG, RECENTLY WON PROMOTION TO ANOTHER PART OF THE COMMUNICATIONS MINISTRY. VANDERPERREN HEMSELF IS RESPONSIBLE FOR A GREAT MANYACTIVE ISSUES, OF WHICH THE BILATERAL CHARTER MOU IS NOT CONSIDERED THE MOST IMPORTANT. THUS THE DGCA HAS NEITHER TIME NOR EXPERTIESE TO TAKE INITIATIVE OR RESPOND COMPREHENSIVELY TO USG REQUEST FOR AMENDMENT AND EXTENSION OF CHARTER MOU.

B. SABENA'S GROWING FINANCIAL TROUBLES, THE RESULT NOT ONLY OF ECONOMIC CONDITIONS BUT ALSO OF MANAGEMENT INADEQUACIES, HAVE LED TO A MAJOR SHAKE-UP OF COMPANY'S POLICY-LEVEL OFFICIALS AND OF THE DECISION MAKING STRUCTURE ITSELF. THE DUST HAS NOT YET SETTLED FROM THE MANAGEMENT PERSONNEL SHIFTS, AND IN THE MEANTIME DECISIONS HAVE BEEN POSTPONED REGARDING FUTURE POLICIES. SABENA IS STUDYING THE USG PROPOSAL ON THE CHARTER MOU AND WILL SOMEHOW WORK OUT ITS INPUT TO THE BELGIAN POSITION IN TIME FOR THE TALKS.

C. THE OFFICE OF COMMUNICATIONS, MINISTRY OF FOREIGN AFFAIRS, HAS TAKEN LITTLE INTEREST IN BILATERAL CHARTER MOU QUESTION. THEY HAVE TOLD US THAT THEY EXPECT TO FOLLOW LEAD OF DGCA. LIMITED OFFICIAL USE

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3. THIS DECISIONMAKING NEAR-VACUUM IS AN INVITATION FOR OUTSIDE INFLUENCES TO MAKE AN IMPRESSION ON THE BELGIAN GOVERNMENT. THUS FAR THE ONLY OUTSIDE PRESSURE BESIDES OURS HAS COME FROM ECAC DESIRE TO PREVENT BILATERAL CHARTER ARRANGEMENTS IN THE ABSENCE OF MULTILATERAL (ECAC-US) AGREEMENT. BELGIUM MISTRUSTS ECAC ON THIS SUBJECT BUT DOES NOT HAVE SUFFICIENT COUNTERVAILING REASON TO BREAK RANKS. PROPOSED AMENDMENT TO MOU, WHILE WELCOME,

IS UNLIKELY TO OPEN UP MUCH NEW BUSINESS FOR SABENA AND THUS IN ITSELF DOES NOT CONSTITUTE SUFFICIENT ATTRACTION TO RISK IRRITATING OTHER ECAC MEMBERS.

4. GIVEN THIS BACKGROUND AND PREVIOUS MESSAGE TRAFFIC, WE CAN GUESS THAT THE BELGIANS WILLBE THINKING ABOUT THE FOLLOWING SCHEDULED SERVICE ISSUES AT BILATERAL TALKS:

A. SECOND LANDING POINT IN THE US. YOU HAVE HEARD ALL THE ARGUMENTS BEFORE; THEY WILL BE REPEATED ONCE AGAIN. THE BELGIANS KNOW THAT THERE IS LITTLE REASON TO HOPE THE USG WILL BEUDGE ON THIS ISSUE, BUT IT IS THE ONE THING THE BELGIANS WANT AND FEEL ENTITLED TO MORE THAN ANYTHING ELSE.

B. BLIND SECTOR TO MEXICO. THIS POSSIBILITY WAS DISCUSSED IN BRUSSELS 8140 AND STATE 227507. IT IS POSSIBLE THAT SABENA WOULD BE PREPARED TO REDUCE BRUSSELS-NEW YORK FREQUENCIES IN RETURN FOR GRANT OF THIS BLIND SECTOR. (IT IS ALSO POSSIBLE SABENA WILL UNILATERALLY REDUCE FREQUENCIES TO NEW YORK WITHOUT ANY BILATERAL DISCUSSION IF THOSE SABENA FLIGHTS CONTINUE RUNNING AT A LOSS.)

C. ROUTE SWAPPING OR SHARING WITH KLM. THIS IDEA IS SPECULATIVE AND POSSIBLY PREMATURE, BUT OPINION IN BELGIUM IS RUNNING TOWARD GREATER COOPERATION AND RATIONALIZATION BETWEEN THE TWO LARGE BENELUX AIRLINES. PERHAPS USG SHOULD BEGIN TO CONSIDER WHETHER WE WISH TO ENCOURAGE CONTINUED BELGIAN-DUTCH EXPLORATION IN THIS AREA.

D. UNOFFICIAL ARRANGEMENTS BETWEEN SABENA AND NACA CARRIERS FOR GREATER COOPERATION BENEFICIAL TO SABENA. NACA OBSERVER ON US DELEGATION SHOULD CONSIDER WHAT MEMBER AIRLINES COULD DO TO IMPROVE SABENA'S LOAD FACTOR THROUGH SPILLOVER FROM US-ORIGIN CHARTERS TO BELGIUM, AND BE PREPARED TO DISCUSS IDES OUTSIDE OF LIMITED OFFICIAL USE

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FORMAL BILATERAL TALKS SESSIONS.

5. AS WE LEARN MORE ABOUT THE POSITIONS THE BELGIANS INTEND TO PURSUE, WE SHALL REPORT THEM. SIMILARLY, BELGIAN AUTHORITIES ARE INTERESTED IN KNOWING ABOUT NEW DEVELOPMENTS IN USG VIEWS, ESPECIALLY REGARDING THE PRICE WE ARE WILLING TO PAY, IF ANY, FOR REDUCTION IN SABENA'S NORTH ATLANTIC FREQUENCIES. FIRESTONE

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